

**REPORT AND RECOMMENDATIONS  
OF THE  
FINANCE SUBCOMMITTEE  
OF THE  
SB5 STATE PARKS COMMISSION**

**MAY 1, 2006**

## TABLE OF CONTENTS

	<u>PAGE</u>
A. BETTER DEFINE & CLARIFY THE MISSION, GOALS AND OBJECTIVES OF THE PARKS SYSTEM	
1. SELF-FUNDING	3
2. HISTORIC SITES	3
3. RECODIFICATION	3
B. ESTABLISH BETTER LEGISLATIVE OVERSIGHT & ACCOUNTABILITY OF THE PARKS SYSTEM	
1. STATEWIDE ADVISORY COUNCIL	3
2. LEGISLATIVE OVERSIGHT	4
3. ANNUAL REPORTS	4
4. INTERNAL AUDIT AND CASH CONTROL	4
C. LONG-TERM STRATEGIC PLAN	
1. TEN YEAR CAPITAL IMPROVEMENTS PLAN	4
2. LONG-TERM STRATEGIC PLANNING	4
3. EVALUATION OF CURENT OPERATIONS	4
4. RETAIL OPERATIONS	5
5. EVALUATION OF SHORT-TERM LEASES & USAGE AGREEMENTS	5
6. EVALUATION OF LONG-TERM LEASES	5
7. PRIVATE FUNDING	6
D. 20 MILLION DOLLAR CAPITAL IMPROVEMENT BOND	
1. ALLOCATION	6
E. REVENUE MAXIMIZATION	
1. REVENUE SHORTFALL	6
F. CONCLUSION	7
APPENDIX A	8
APPENDIX B	9

## **A. Better Define and Clarify the Mission, Goals and Objectives of the Parks System**

- 1. Self-Funding.** Is it practical and functional to expect New Hampshire's State Parks to be self-funding given the demands and expectations on the system, and the mandates of its mission? An analysis must be conducted of the financial viability of the Parks' self-funding mandate, the consistency of this mandate with the Parks' statutory mission, and of alternative operating models used in other states.
- 2. Historic Sites.** Historic sites need a special focus. See Appendix A for a list of the State's Historic Sites. The central issues to be considered:
  - a. Given the financial drain of maintaining the State's historic sites (and over \$500,000 is badly needed now to perform deferred maintenance) should Historic Sites be funded from the General Fund, rather than be part of a self-funded system? Is there a third way such as private funding?
  - b. Should Parks continue to manage these Historic Sites or could some other inter-department partnerships better manage and protect these historic resources? For instance, should the Department of Cultural Resources become the lead agency for historic sites, and if so what changes would be needed to enable the Department to effectively carry out this responsibility?
  - c. What role should Friends groups or corporate sponsors play in the funding, management, interpretation, and on-going stewardship of these sites?
- 3. Recodification.** There should be a recodification of the Park System's lengthy and segmented statutory authorities. A draft could be created by the Office of the Attorney General with legislation to follow.

## **B. Establish Better Legislative Oversight and Accountability of the Parks System.**

- 1. Statewide Advisory Council.** While there are several legislatively mandated advisory committees that are Park or issue specific, the idea was discussed of whether the Division of Parks should have an advisory council that oversees the entire statewide system, similar to the Forest Advisory Council for the Division of Forest and Lands. This should be reviewed and consideration given of whether the smaller and specific advisory boards could be consolidated or abandoned and one larger council formed.
- 2. Legislative Oversight.** The Subcommittee recommends there be ongoing and direct oversight of the Division of Parks by a standing committee in both the House and the Senate.

3. **Annual Reports.** The Division of Parks recommends and the Subcommittee concurs that the Division of Parks should produce an annual report as do most other large State entities and private businesses.
4. **Internal Audit and Cash Control.** The Division of Parks recommends and the Subcommittee concurs that that an internal audit of the Parks system should be conducted. The Subcommittee also found that there are insufficient cash controls in place. Cash control, management and security must be addressed immediately.

### C. Long-Term Strategic Plan

A long-range strategic plan needs to be established and should address (at a minimum) the following issues:

1. **Ten Year Capital Improvement Plan.** A Ten Year Capital Improvement Plan for the Division of Parks should be created and regularly updated, comparable to the 10 Year Transportation Plan and capital plans for the University and Technical College Systems. The development of a long-range capital improvement plan should cover capital improvements, deferred maintenance, park acquisition and expansion, etc.
2. **Long-Term Strategic Planning.** A Ten Year Capital Improvement Plan would complement and be adjunct to the overall Strategic Plan. The strategic plan will establish where to emphasize (or deemphasize) resources and the corresponding capital or operating funding component and from what source the necessary revenue is derived. This long-term plan should be updated regularly to provide on-going guidance of the Parks system. A five or ten year profit and loss analysis needs to be projected to identify the direction of the system and facilitate the evaluation of current operation and funding.
3. **Evaluation of Current Operations.** A full evaluation of the facilities, profit & loss, and usage of each Park needs to be conducted. The financial and usage trends for each park should be identified. A market analysis should be performed, which would include identification of who makes up the customer base. The current usage should be compared to general market trends. A review of overall operations would identify operating strengths and weaknesses, as well as provide perspective on the differing revenue performance of individual parks within the system. The subcommittee did evaluate, in some depth, several operational issues including the in-house reservation system, retail operations, and maintenance, and whether or not these functions should remain in-house. Our initial review made a strong case for the cost-effectiveness of keeping the reservations system and maintenance operations in-house, while the case for an in-house retail operation is much less compelling. The accounting practice employed of assessing retail costs on

a pro rata basis across the system also skews the revenue/expenditure numbers for individual Parks. Further, more detailed analysis of each of these functions is needed (see below for more on Retail Operations specifically).

4. **Retail Operations.** Objective analysis of the current in-house retail and food service operations must be conducted. New Hampshire is the *only* state in the Union that runs its own retail and food service operations. Would leasing the entire retail operation system-wide help to decrease operating costs by, for instance, making the lessee responsible for trash pick-up and disposal in some parks, thereby relieving the Division of Parks of that responsibility and cost? Would leasing some prime locations (including rest areas?) to national chains (like a Dunkin Donuts or Starbucks) become a major source of revenue without harming the overall mission and profile of the Parks division? Review of the experience and successful models in other states should be included in this analysis.
5. **Evaluation of Short-Term Leases and Usage Agreements.** A review is needed of all operational agreements such as service contracts, memorandums of understanding, special use permits, short-term leases, Park-specific deed requirements and friends groups, partner and philanthropic group contracts. Suggestions for improving and streamlining these agreements going forward should focus on establishing policies which leverage state financial and human resources. The Division of Parks has over 170 separate contracts with a broad range of organizations, both public and private. Coordinating and/or establishing a clearing house to manage and, if possible, consolidate and standardize these agreements is badly needed. Uniform standards also are needed for managing facility day usage, including fee structures, booking procedures, and a system for monitoring use. A review of the marketing and booking arrangements should be undertaken to identify if the State has the opportunity to expand the day rental of its facilities to maximize income.
6. **Evaluation of Long-Term Leases.** The Subcommittee evaluated, in some depth, the pros and cons of leasing Park properties, such as Cannon Mountain and the experience of the Sunapee lease, **strictly from a financial aspect**. It has been identified that the State's costs associated with Cannon Mountain are significant. Cannon operations have run a deficit of nearly one million dollars annually in each of the last three years. Cannon will require additional capital improvements in the near future, and additionally there are plans to integrate Mittersill into the area. (The 1998 Cannon Mountain Master Plan estimated this would cost at \$12,000,000.) The subcommittee, with the help of the Legislative Budget Assistant's Office and the State Treasurer (who will make a separate presentation to the full Commission), examined the financial impact of the Sunapee lease and the ramifications of leasing Cannon. Setting aside any policy considerations, and just dealing strictly with the numbers, it is a highly complex issue, but one that deserves further review. A detailed analysis of the financial and policy pros and cons of such leases in

conjunction with an overall financial analysis of Cannon's financial operation should be conducted by the full Commission (and in any strategic plan), and the findings reported to the Legislature, Governor, and Executive Council.

7. **Private Funding.** The strategic plan should examine the potential and mechanisms for establishing more formal public/private partnerships, corporate sponsorships, a Parks Trust or Friends of New Hampshire Parks (based on the experiences in other states), that could have a major role in fund raising and providing additional revenue and stability to the Parks system.

#### **D. 20 Million Dollar Capital Improvement Bond**

1. **Allocation.** The Division of Parks has requested a \$20,000,000 capital improvement bond. The last and only system-wide capital bond was for \$9,000,000 in 1961. For a complete breakdown see Appendix A. The \$20,000,000 is allocated approximately as follows:
  - \$3,000,000 for emergency deferred maintenance in various Parks
  - \$5,000,000 for various priority Park projects throughout the State.
  - \$2,000,000 for long range strategic planning as discussed in Section C. above, of which \$500,000 would be dedicated to Historic Site analysis as discussed in Section A. 2 above.

\$10,000,000 for Hampton Beach in accordance with the 2001 Hampton Beach Master Plan, including additional paid parking, which creates more beach access and more revenue. The rationale that was given for spending this amount on Hampton Beach, which is the top revenue producer in the Parks system, is to bring this "Flagship" State Park up to a standard of quality that will result in a better visitor experience, increased revenue, and free up financial resources for use in other parks. (See Appendix B for a more complete discussion)

The Parks Division along with PricewaterhouseCoopers is preparing a full financial breakdown with revenue projections for presentation to the Commission and Legislature.

#### **E. Revenue Maximization**

1. **Revenue Shortfall.** An integral part of the Long Range Strategic Plan is an evaluation, at every level, of the maximization of revenues in the Park system consistent with its mission and objectives. Given the fact that the State Parks are supposed to be self-funded and are currently running an annual deficit (\$5,600,000 in revenues and \$7,000,000 in expenditures), the Subcommittee feels that examining revenue maximization is essential and deserves special emphasis. For instance:

- There are six "Flagship" Parks, which are defined as the State's most popular Parks and the top revenue generators. The Flagship Parks are Hampton Beach, Franconia Notch (including the Flume), Bear Brook, Greenfield, White Lake and Pawtuckaway. These Parks in particular need to be marketed correctly and fee structures examined to maximize revenues.
- Selling parking passes as is done by the National Park Service.
- Evaluate retail and food services as discussed Section C. 4 above.
- The State's Picnic Pavilions and choice campground sites have incredibly strong demand. The Campground sites sell out within hours of becoming available and the daily fee picnic pavilions are booked solid, charging only \$200 per day. Fee structure must be increased where demand is so strong. To do otherwise is to do a disservice to the rest of the Park system.

#### **F. Conclusion.**

New Hampshire's Park system is one of our State's greatest assets. New Hampshire's Parks are located on our coastline, rivers, and lakes; and in our forests, mountains, and a myriad of special places throughout the State. We have a responsibility as stewards of these treasures to care for them now, and to ensure their protection for future generations; we also have an obligation to facilitate our residents' and visitors' enjoyment of them. Tourism has a large economic impact in our State, and the attractions offered by our State Parks constitute a large part of that industry. We need to adapt and invest in our Park System to keep the Parks and the tourism industry they support strong and viable. Thorough financial analysis and strategic planning by the Division of Parks is the key to the future prosperity of New Hampshire's State Parks.

Recommendations were made only where there was unanimous support of the Subcommittee. Other comments and discourse is meant for the benefit and consideration of the full Commission.

Respectfully submitted this first day of May 2006, by:

Commissioners:

Rep. David Campbell, Chairman  
 Susan Arnold  
 Posy Bass  
 Sen. Maggie Hassan  
 Allison McLean  
 Rep. Pamela Price

## APPENDIX A

## APPENDIX B

**New Hampshire Division of Parks and Recreation  
State Historic and Cultural Sites**

Bear Brook CCC complex, Allenstown  
Bedell Bridge, Haverhill  
Daniel Webster Birthplace, Franklin  
Endicott Rock, Weirs Beach  
Fort Constitution Historic Site, New Castle  
Fort Dearborn, Odiorne Point State Park, Rye  
Fort Stark Historic Site, New Castle  
Franklin Pierce Homestead, Hillsboro  
Governor Wentworth Historic Site, Wolfeboro  
Hannah Duston Memorial, Boscawen  
John Wingate Weeks Historic Site, Lancaster  
Lochmere Archaeological Area, Belmont  
NH Marine Memorial, Hampton  
Old Patch Place, Rhododendron State Park, Fitzwilliam  
Robert Frost Farm, Derry  
Taylor Mill State Historic Site, Derry  
Tip-Top House, Mt. Washington State Park, Sargent's Purchase  
Wentworth-Coolidge Mansion, Portsmouth  
Willey House, Crawford Notch State Park, Harts Location  
White Island Light Station, Isle of Shoals, Rye

**Flagship Park Redevelopment  
Hampton Beach State Park  
March 24, 2006**

Hampton Beach State Park is a series of facilities stretching along Route 1A in Hampton from the Hampton River to High Street intersection. A Master Plan was completed in 2001 for the area. The Seashell Complex was built in 1962 and has undergone major renovation in the late 1970's and again in the early 1990's. The facility is undersized for the current public use and does not allow for effective or efficient delivery of park services.

The Seashell Complex is located in a highly congested area and serves as the administrative center the State Park Patrol, Lifeguards, Park Maintenance and the Visitor Information Center, in addition to providing support facilities for park guests. Each of these functions has a public interface, however, many administrative functions also take place at this location.

**Option 1: Renovate Existing Seashell Complex**

The cost and scope to renovate the existing facility was examined. Interior and exterior renovation of the buildings, improvements to utilities and a modest addition to the women's bathroom is proposed. Other recommendations proposed in the Master Plan, such as outlying visitor facilities including bath rooms and parking lot improvements could be implemented in conjunction with a renovation, however, the life of the renovation would not coincide with the master plan vision or timeline.

Water and Sewer Upgrades	\$100,000
Electrical and Lighting	\$300,000
Park Office Complex	
• Exterior Renovations	\$150,000
• Interior Renovations	\$ 75,000
• Heat	\$ 12,000
Chamber of Commerce	
• Exterior Renovations	\$150,000
• Interior Renovations	\$100,000
• Heat	\$ 12,000
• Roof	\$ 40,000
Toilet Buildings	
• Roofs and Breezeway	\$160,000
• Exterior Renovations	\$ 25,000
• Interior Renovations	\$300,000
• Expansion of Women's Room	\$200,000
Stage/Lifeguard Station	
• Exterior Renovations	\$120,000
• Stage Interior Renovations	\$ 40,000
• Lifeguard Area Renovation	\$ 70,000
Planning and Design	<u>\$130,000</u>
Total	<b>\$1,984,000</b>

### **Option 2: New Seashell Complex**

The cost to demolish and replace the Seashell Complex was evaluated next. This proposal assumes that many of the non-public support and administrative functions are relocated to a less public location to gain efficiency and lessen congestion.

An Entertainment Complex with a stage, dressing rooms and storage and other support facilities will be the core feature at the site. Visitor services will include a Park Contact Office, Lifeguard Watch Station and First Aid Station, and an integrated Visitor Information Center and Transportation Center. New site amenities, such as benches and shaded areas could be incorporated.

### **Haverhill Street Area Bath House**

For many years there has been a need for a bath house located at the southern end of the Seashell Complex near Haverhill Street. A shade space, bike racks, and rinse-off showers are imagined.

### **Monument Area Bath House**

A bath house, larger than the existing Ross Ave facility would be developed in the area near the Marine Memorial. This bath house will have shade space, bike racks, and rinse-off showers also.

### **South Gateway Visitor Center and Park Administrative Facility**

A new facility located at the Southern end of Hampton Beach State Park to serve as a Visitor Center and park offices. The existing maintenance facility would also be renovated to complement the uses outlined.

### **Planning, Development and Implementation**

Due to the complexity of this proposal and the stakeholders associated with the project a planning timeline of 18 months to 2 years is expected. Construction of the Haverhill Street and Monument area bath houses will take approximately 6-8 months to complete and can be begun in the early fall for spring completion. Concurrently construction of the South Gateway Facility can be begun and will take approximately a year to complete. Once the outlying facilities are complete and those administrative services are transferred, demolition and construction of the Seashell can begin. It is expected a majority of the construction can be begun in the fall and completed by the spring, however, full-services can not be expected at the complex until the following season. It is expected that from planning to completion the project will take 4-5 years.

### **Seashell Complex**

\$6,470,000

- Stage and associated support facilities
- Toilet buildings
- Lifeguard Watch Station & First Aid
- Park Contact Office
- Visitor Information Center
- New site amenities and on-site parking
- Demolition

Haverhill Street Area Bath House	\$ 500,000
<ul style="list-style-type: none"> <li>• Shade space</li> <li>• Toilet facilities (8 fixtures/side)</li> <li>• Exterior Rinse-Off Showers</li> </ul>	
Monument Area Bath House	\$ 550,000
<ul style="list-style-type: none"> <li>• Shade space</li> <li>• Toilet facilities (12 fixtures/side)</li> <li>• Exterior Rinse-Off Showers</li> </ul>	
South Gateway Visitor Center and Park Offices	\$1,400,000
<ul style="list-style-type: none"> <li>• Renovate Existing Facility <ul style="list-style-type: none"> <li>○ Warehouse space for supplies</li> <li>○ Equipment and Vehicle storage</li> <li>○ Maintenance Staff locker room</li> <li>○ Maintenance Manager Office</li> </ul> </li> <li>• New Facility <ul style="list-style-type: none"> <li>○ Gateway Visitor Contact Center</li> <li>○ Campground Office</li> <li>○ Lifeguard Assembly/training area</li> <li>○ Lifeguard Equipment and radio storage</li> <li>○ Lifeguard Vehicle Storage</li> <li>○ Lifeguard Locker room</li> <li>○ Lifeguard Manager Office</li> <li>○ Meter Maintenance</li> <li>○ Money and Change Counting</li> <li>○ Park Patrol Locker Room</li> <li>○ State Park Patrol Manager Office</li> <li>○ Park Patrol Equipment and radio storage</li> <li>○ Park Patrol Vehicle Storage</li> </ul> </li> </ul>	
Planning and Engineering	<u>\$1,080,000</u>
<b>Total</b>	<b>\$10,000,000</b>